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A concise, easily digested periodic analysis based upon scientific research in real estate fundamentals and trends. A report on current studies, surveys, and forecasts constantly measuring the basic economic factors responsible for changes in trends and values.

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

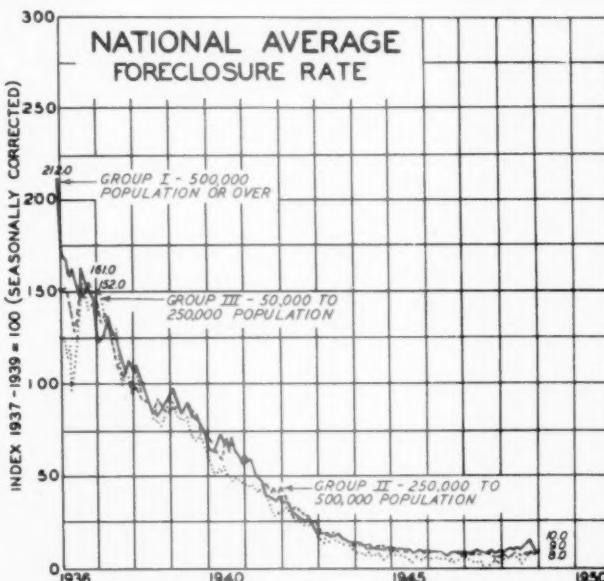
FORECLOSURE FLUCTUATIONS IN 84 CITIES

THE series of charts on pages 246 through 252 shows the foreclosure rate in 84 cities. In making this study we have taken the actual number of foreclosures in each city, corrected these figures to eliminate seasonal variations, and put the corrected figures on an index basis. For this reason the charts show the fluctuations of the foreclosure rate rather than the number of foreclosures, and the cities should not be compared with each other except on the basis of trend.

The original figures include all foreclosures of the county in which the cities are located. Therefore, most of the cities have a few farm foreclosures included in their totals. Farm foreclosures, however, contribute little to this study.

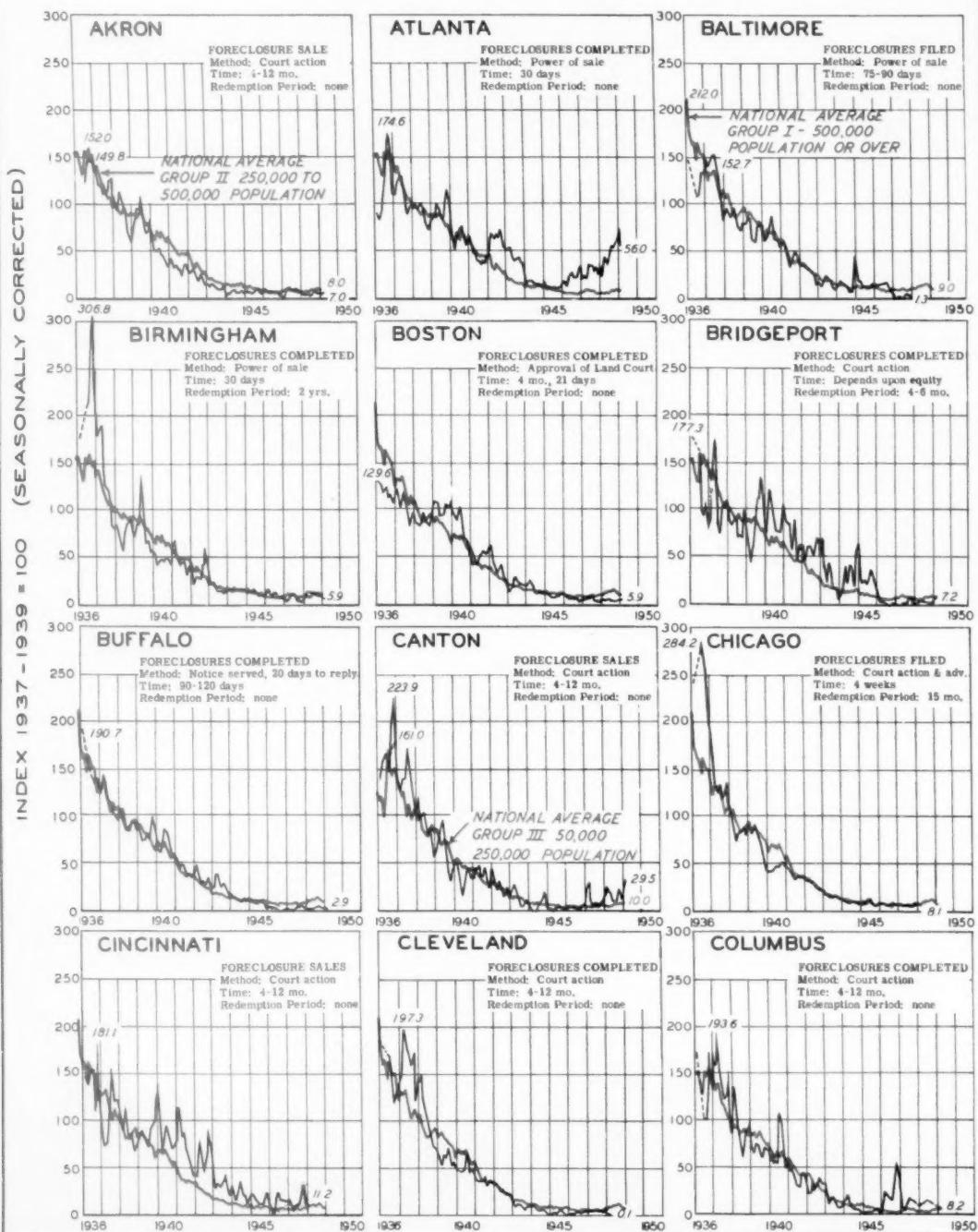
The length of time necessary to foreclose, the redemption period, and the foreclosure costs are so variable that on most of the charts we have shown the range of time or cost into which fall most of the foreclosures in that city. We do this because there is not room on the charts to show the various legal clauses dealing with the time that must elapse before foreclosure can be completed.

We have segregated the cities into three population groups - 500,000 and over, 250,000 to 500,000 and 250,000 and less - and have taken an average for each group. The individual charts, therefore, show foreclosures in each city (blue), and the average for cities of the same size (red). The national average chart shows the three groups on one chart. Note how closely foreclosures in the three groups follow each other. This shows that the size of the city has little effect on the foreclosure rate. For the most part, foreclosure activity has been very sluggish for the past several years. This period of sluggishness is apparently nearing an end as the foreclosure rate has been rising slowly.



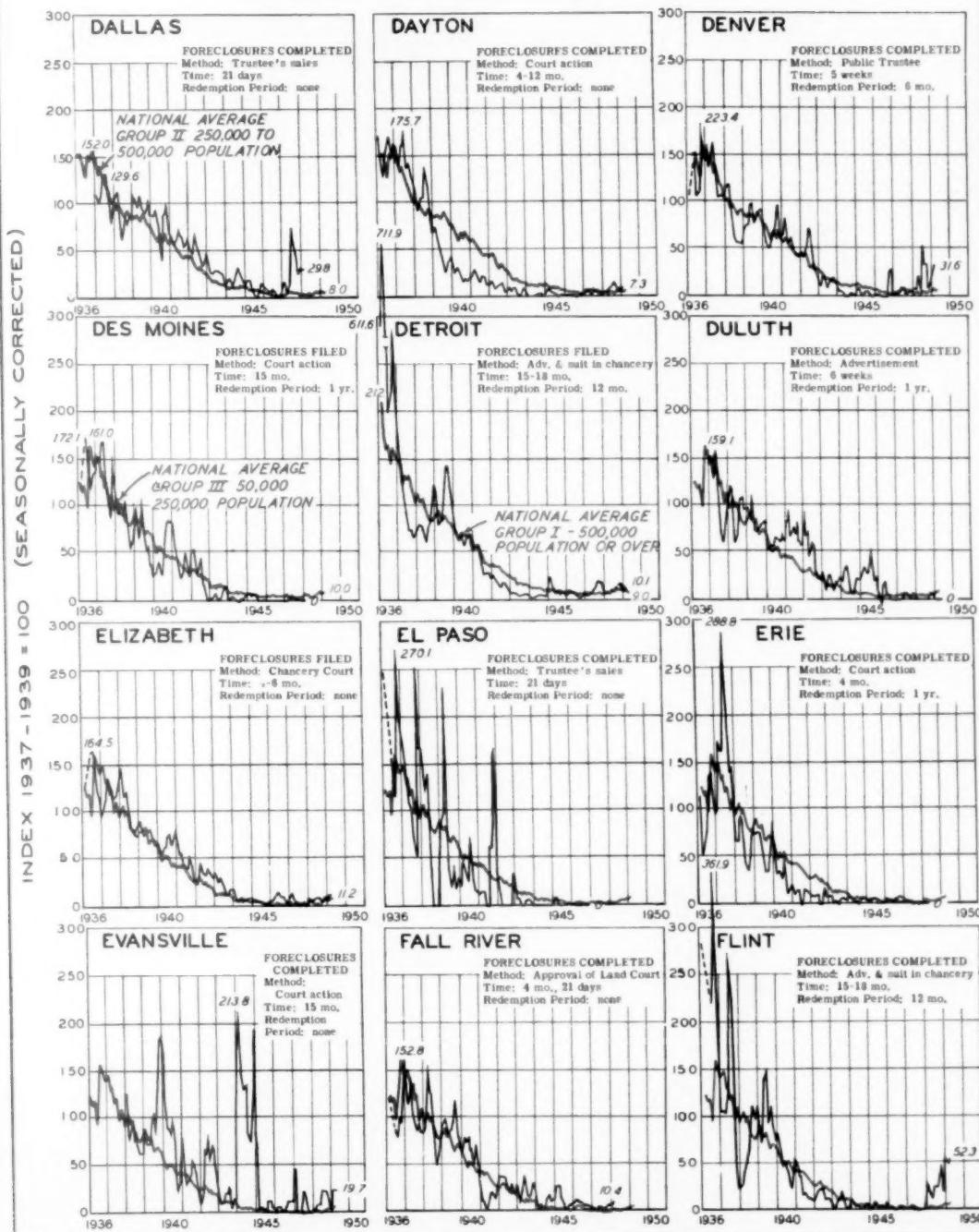
FLUCTUATIONS IN THE FORECLOSURE RATE BY PRINCIPAL CITIES

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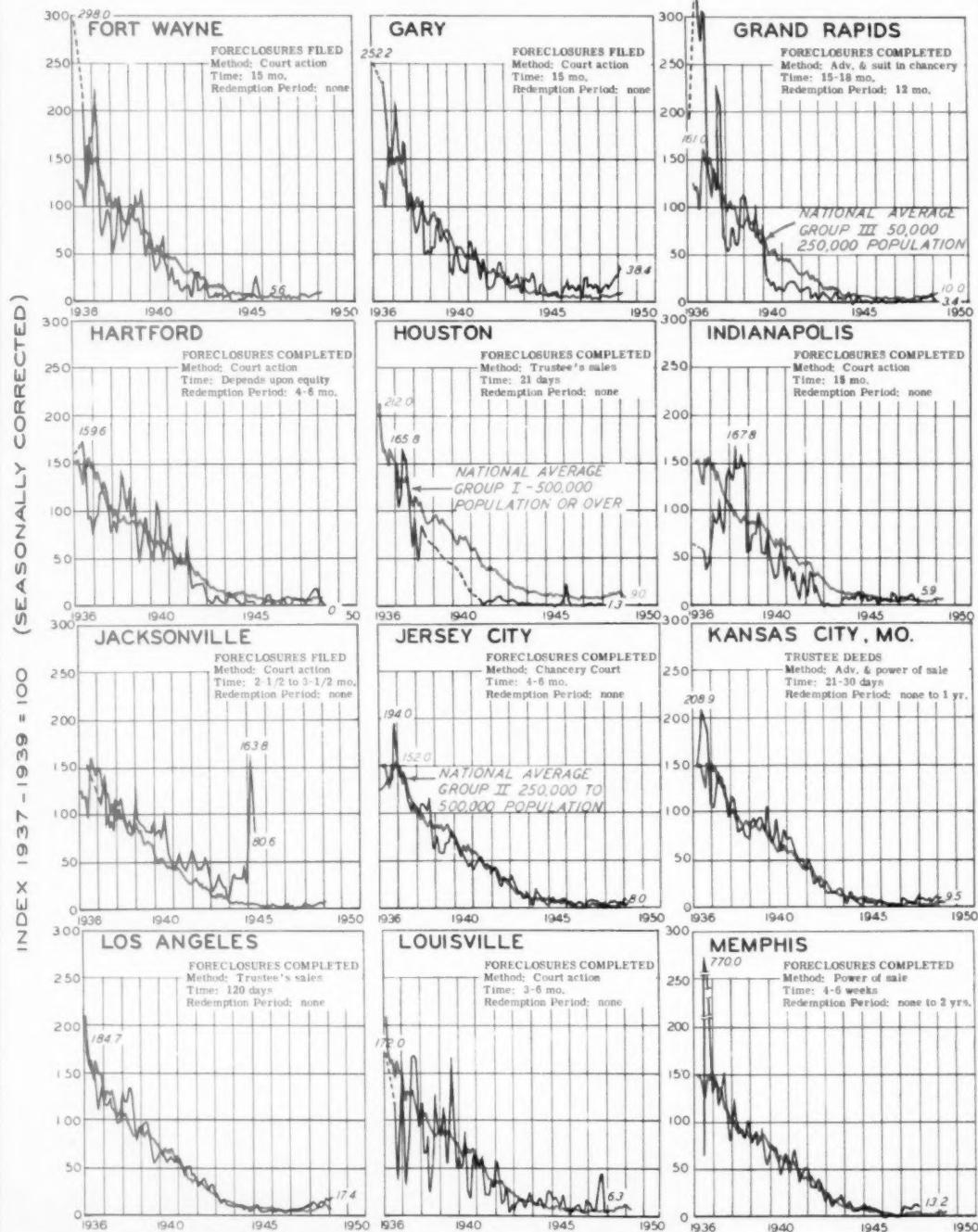
FLUCTUATIONS IN THE FORECLOSURE RATE BY PRINCIPAL CITIES

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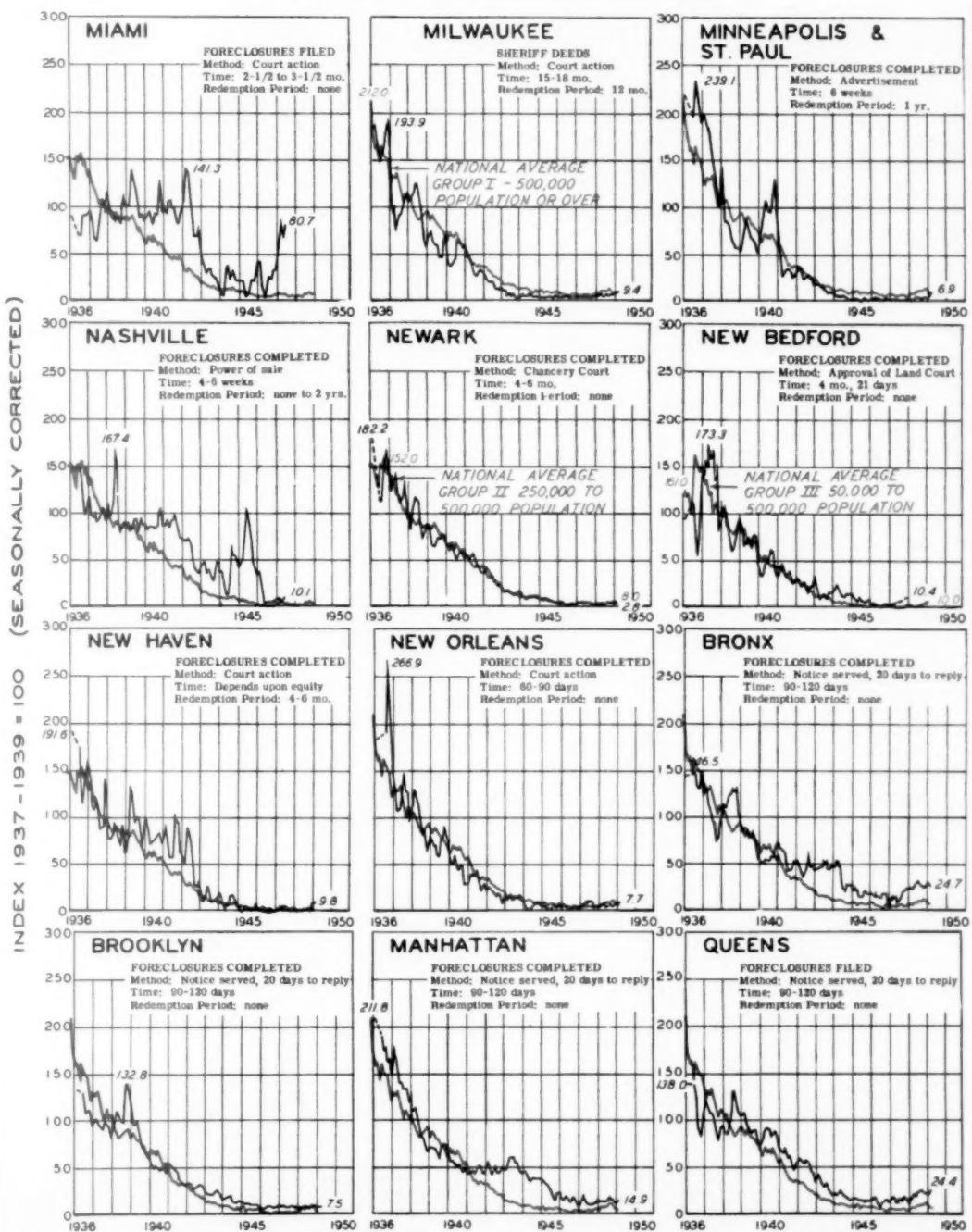
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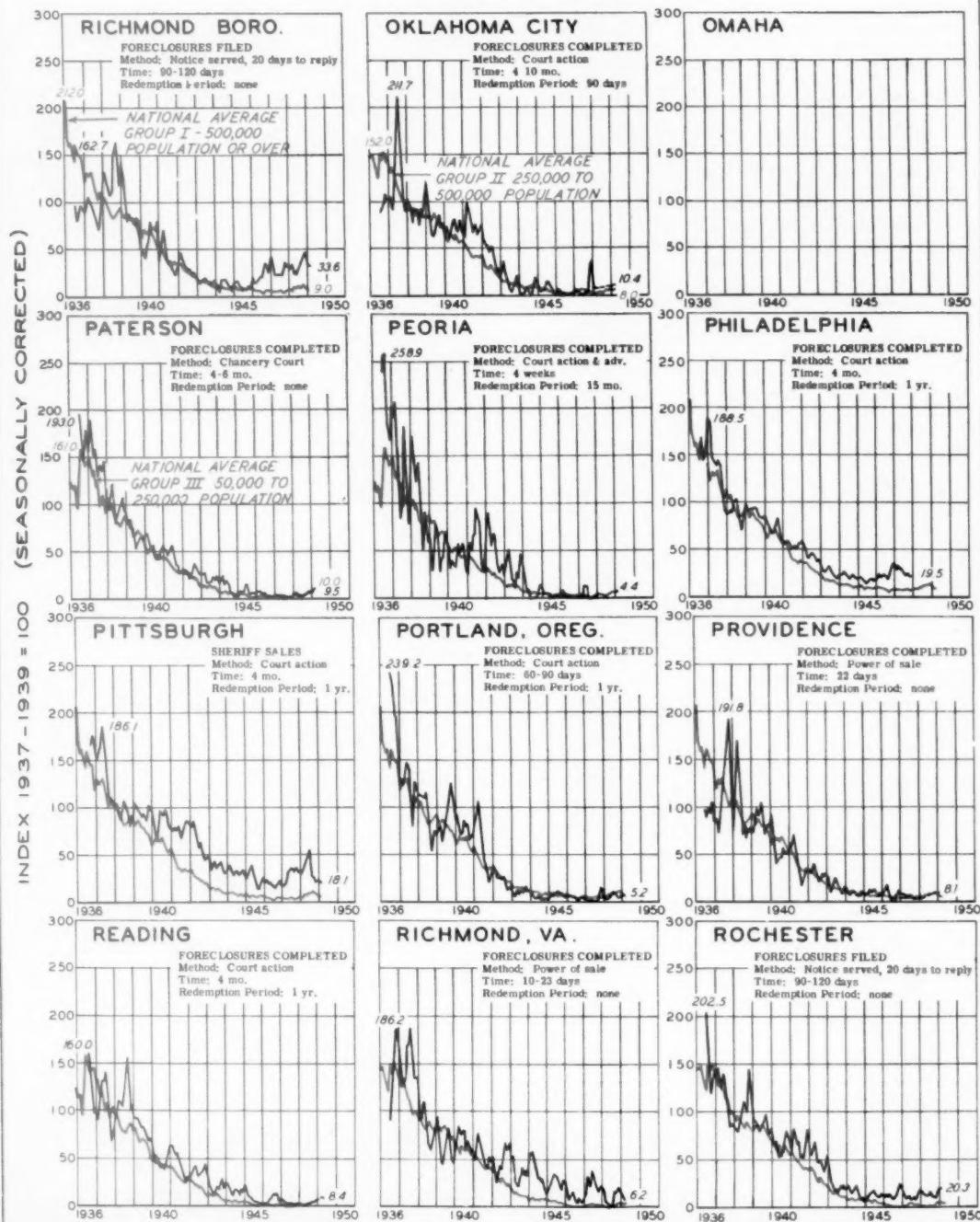
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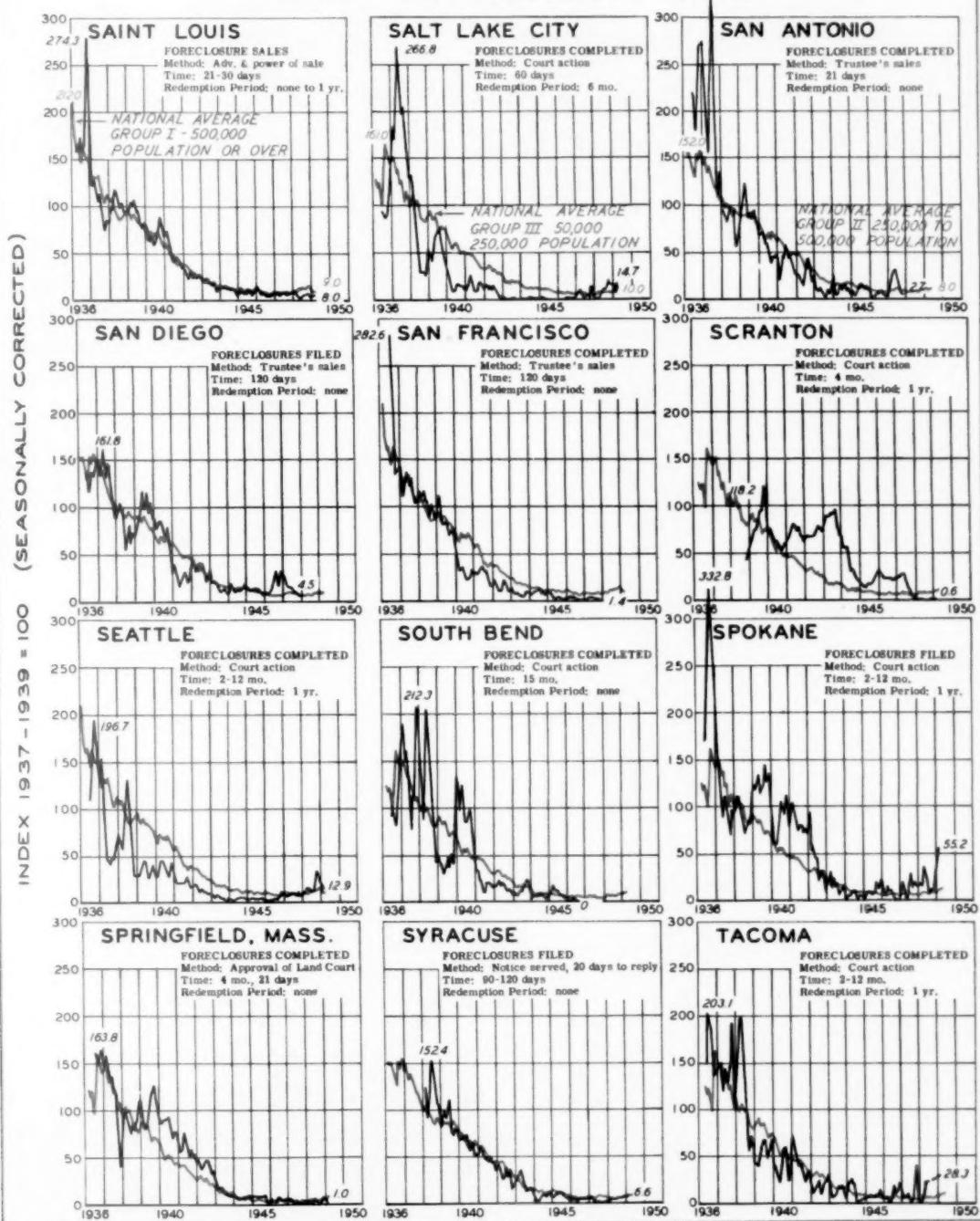
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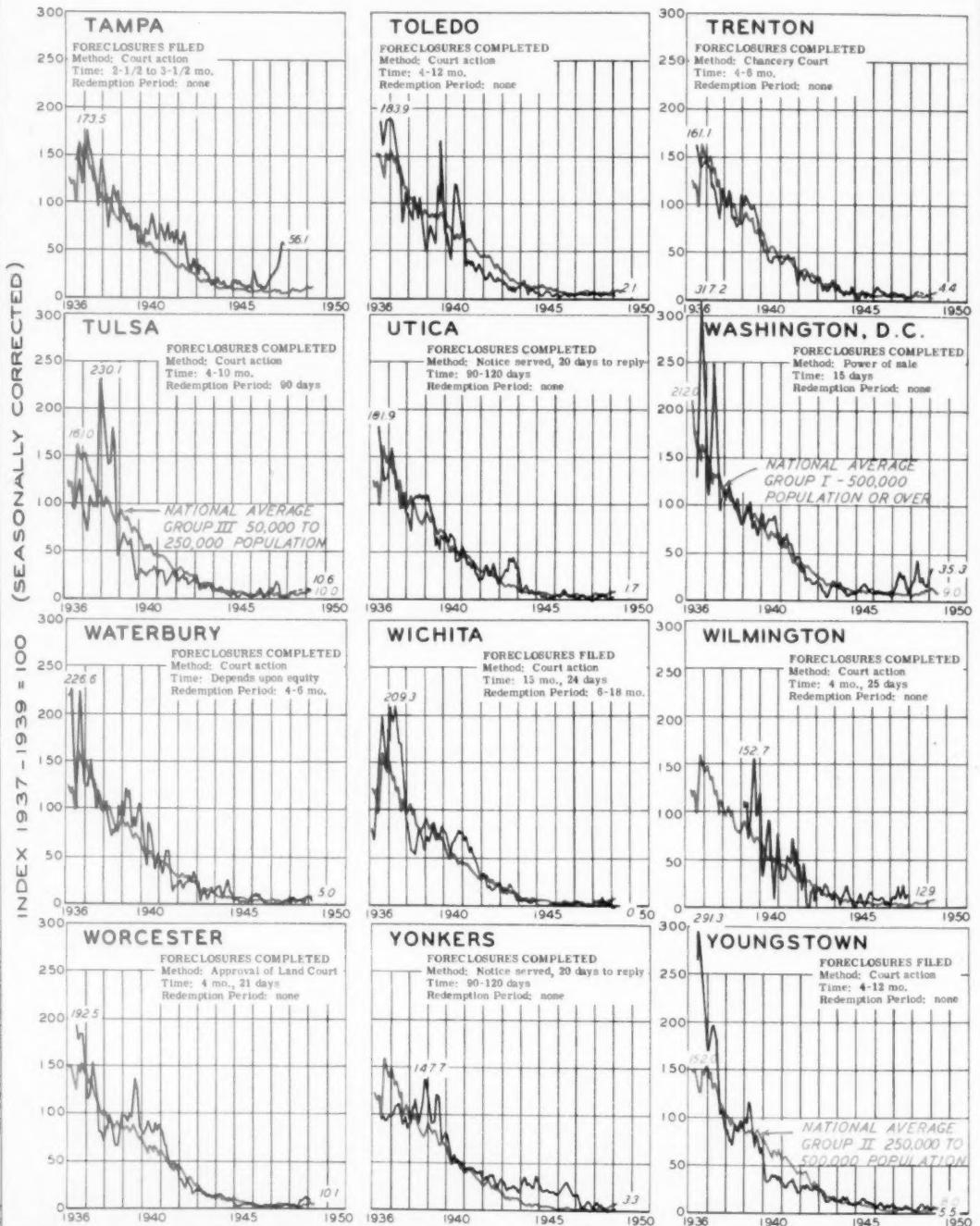
FLUCTUATIONS IN THE FORECLOSURE RATE BY PRINCIPAL CITIES

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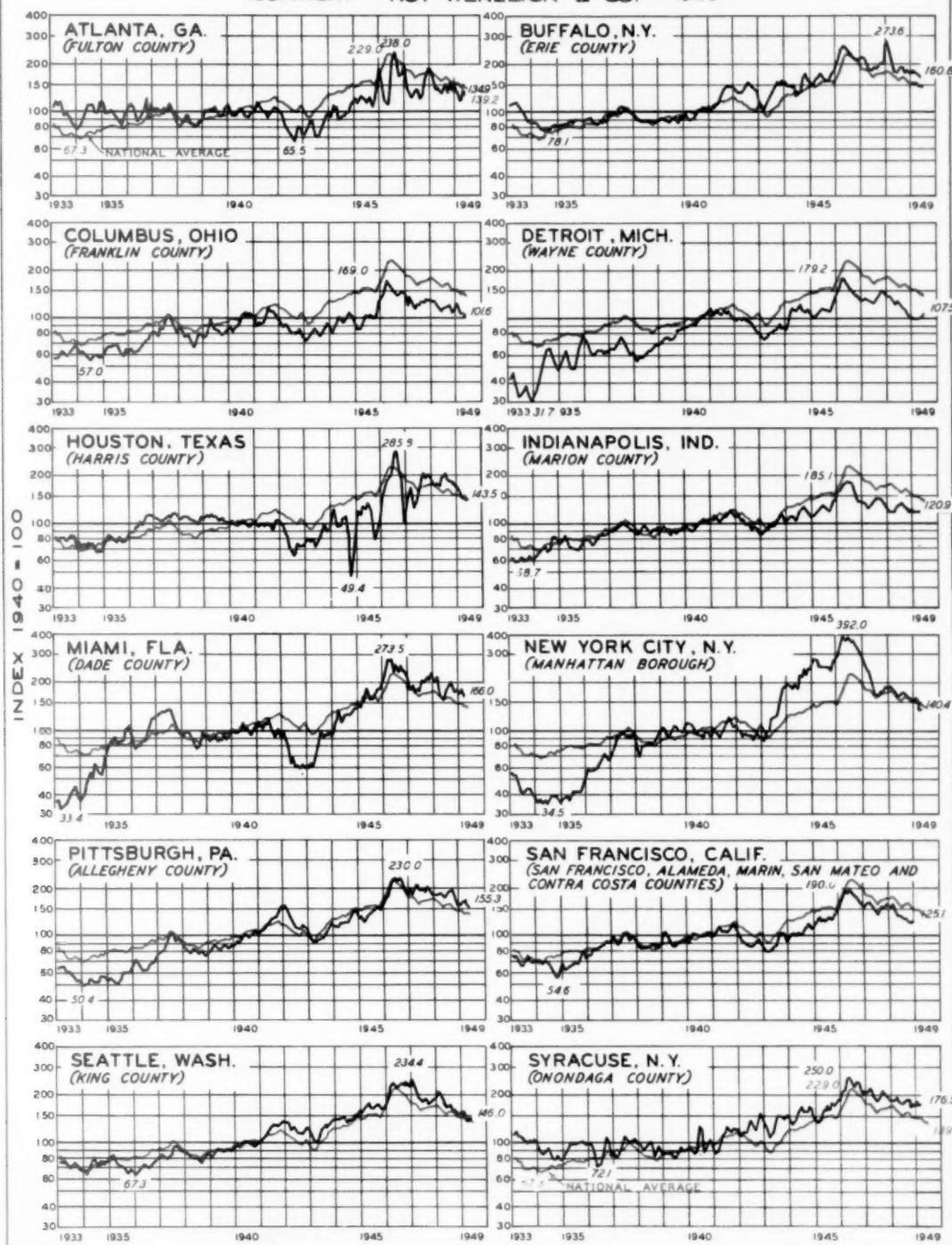
FLUCTUATIONS IN THE FORECLOSURE RATE BY PRINCIPAL CITIES

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REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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**VARIATION IN COST OF A THIRTY-FAMILY REINFORCED
CONCRETE APARTMENT IN SAINT LOUIS**

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MATERIAL

- Cost of face brick, dobles, flue lining, terra cotta, cut stone, marble and tile.
- Cost of concrete, claytile and reinforcing.
- Cost of all plastering materials.
- Cost of all lumber, flooring, millwork, roofing, paint, etc.
- Cost of all materials for plumbing, heating, electrical work, sheet metal work, iron work, hardware and special equipment.

LABOR

7. Cost of setting all stone, tile and marble and laying all brick.
8. Cost of carpentry, roofing, flooring, painting, decorating, and builder's general supervision.
9. Cost of labor on plastering.
10. Cost of installing plumbing material and fixtures, wiring, heating plant and sheet metal work.
11. Cost of excavation and miscellaneous.
12. TOTAL LABOR COST

OVERHEAD

13. Cost of all city permits, utility connection costs, plans and engineering fees.
14. Cost of interest during construction and taxes and insurance.
15. Estimated profit made by the builder = 7%.

16. TOTAL OVERHEAD COST.

17. TOTAL COST OF CONSTRUCTION.

6. TOTAL MATERIAL COST.

OVERHEAD						
\$	1,445	\$ 3,143	\$ 5,320	\$ 9,980	\$ 84,564	
1,445	3,103	5,250	9,750	83,206		
1,495	3,188	5,300	9,983	84,331		
1,545	3,473	5,900	10,918	93,710		
1,720	3,973	6,850	12,543	108,866		
1,635	4,428	7,700	13,763	121,326		
1,770	4,865	8,400	15,033	139,435		
2,070	5,863	10,020	17,953	162,203		
2,210	5,248	8,700	15,958	138,578		
2,020	5,218	8,600	15,838	138,827		
2,220	5,313	9,150	16,663	144,987		
2,620	5,548	9,750	17,918	154,259		
2,920	5,888	10,020	18,028	160,683		
2,870	5,703	9,750	18,323	154,502		
2,670	5,537	9,400	17,607	149,243		
2,670	5,427	9,250	17,347	146,545		
2,649	5,170	9,160	16,979	145,259		
2,549	5,057	8,500	16,106	134,885		
2,465	4,513	7,600	14,578	120,521		
2,260	4,065	6,750	13,075	107,554		
1,990	6,116	8,826	14,932	110,452		
1,745	6,620	7,557	15,922	112,120		
1,700	7,887	7,937	17,524	129,215		
1,855	8,546	8,130	18,531	132,666		
2,140	10,200	8,560	20,900	140,380		
2,155	9,850	7,770	19,775	128,055		
2,230	10,300	8,150	20,660	135,065		

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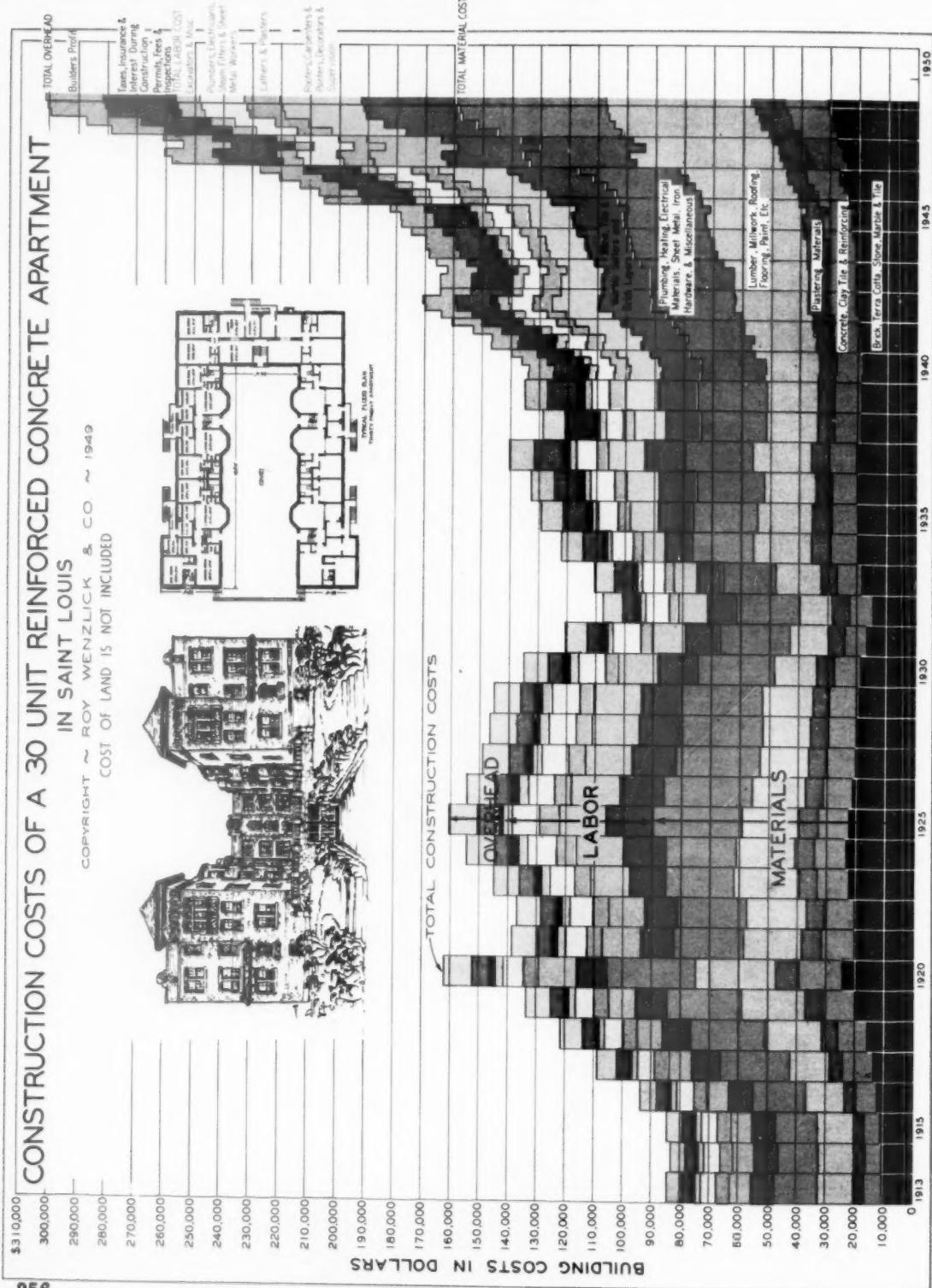
84,564	83,206	83,332	84,564	83,710	88,866	121,522	133,435	162,203	138,578	136,827	144,967	154,259	160,683	154,592	149,243	146,545	155,259	134,895	120,521	107,554	110,452	122,132	129,215	132,666
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Ja	1940	8,220	5,810	18,850	21,750	74,200	13,540	11,200	5,340	6,100	2,815	38,995	2,255	9,808	8,768	20,829	134,024	
Ap	1940	9,220	5,810	18,630	21,750	73,750	13,540	11,200	5,340	6,100	2,815	38,995	2,255	9,778	8,734	20,767	133,512	
Jl	1940	18,110	9,160	5,810	18,980	21,980	73,920	14,590	11,200	5,690	6,800	2,815	41,095	2,255	10,053	8,913	21,221	136,236
O	1940	18,110	9,150	6,030	22,410	21,980	77,680	11,520	5,650	6,910	2,815	40,595	2,255	10,233	9,153	21,641	139,916	
Ja	1941	9,270	6,030	22,800	22,500	79,650	14,890	13,120	6,120	6,910	3,660	44,700	2,255	10,886	9,633	22,744	147,094	
Ap	1941	18,950	9,300	5,940	21,800	22,450	78,440	15,320	6,210	5,970	3,800	45,410	2,255	10,890	9,532	22,737	146,587	
Jl	1941	9,330	6,350	24,100	24,000	83,570	15,950	14,930	6,080	6,910	3,800	47,670	2,255	11,384	10,028	23,667	153,287	
O	1941	19,490	9,330	6,650	24,100	24,000	83,570	17,890	16,200	6,180	8,000	3,800	52,070	2,255	12,036	10,485	24,786	160,426
Ja	1942	9,330	6,704	24,850	25,800	86,174	18,110	16,500	6,310	8,000	3,940	52,860	2,255	12,305	10,752	26,002	170,172	
Ap	1942	9,560	6,704	25,500	26,500	91,110	18,110	16,500	6,310	8,000	3,940	52,860	2,255	12,698	11,174	26,127	170,797	
Jl	1942	9,560	6,704	25,200	26,500	91,010	18,190	16,680	6,210	8,640	3,940	53,660	2,255	12,698	11,174	26,066	164,826	
O	1942	9,560	6,704	25,810	26,500	91,620	16,320	14,900	6,210	6,910	48,140	2,255	12,029	10,752	25,066	166,240		
Ja	1943	9,560	6,540	25,900	28,500	91,546	16,320	14,900	6,210	6,910	3,800	48,140	2,255	12,021	10,777	25,053	164,346	
Ap	1943	9,560	6,540	25,900	28,500	91,546	16,320	14,900	6,210	6,910	3,800	48,140	2,255	12,021	10,777	25,053	164,346	
Jl	1943	9,560	6,540	25,900	28,500	91,546	15,500	13,900	6,000	6,910	48,110	2,255	11,984	10,875	25,114	166,240		
O	1943	9,560	6,540	25,900	28,500	91,516	15,500	13,900	6,000	6,910	48,110	2,255	11,984	10,875	25,114	166,240		
Ja	1944	9,560	6,910	28,000	28,500	95,016	16,320	14,900	6,000	6,910	3,800	46,110	2,255	12,121	11,043	25,419	166,795	
Ap	1944	9,560	6,910	28,500	28,500	97,266	15,500	13,900	6,000	6,910	3,800	46,100	2,255	12,193	11,132	25,580	170,156	
Jl	1944	9,560	7,000	32,450	32,450	98,356	15,500	13,900	6,000	6,910	3,800	46,100	2,255	12,200	11,138	25,593	170,259	
O	1944	22,000	9,920	7,000	32,450	28,500	98,870	16,850	13,900	6,000	6,910	3,800	49,000	2,255	12,648	11,464	26,367	175,237
Ja	1945	9,920	7,000	33,100	28,500	100,920	17,220	15,200	6,000	6,910	3,800	50,670	2,255	12,921	11,674	26,850	178,440	
Ap	1945	10,150	7,000	32,500	101,150	106,980	17,220	15,200	6,000	6,910	3,800	50,670	2,255	12,936	11,680	26,881	178,850	
Jl	1945	21,425	9,574	8,825	33,619	28,403	99,848	17,315	16,637	7,308	8,034	5,347	54,661	2,255	13,650	12,855	162,362	
O	1945	23,465	10,373	33,437	28,403	102,673	23,243	22,292	8,632	10,936	6,196	71,299	2,255	15,940	13,420	31,615	205,587	
Ja	1946	10,465	7,047	33,437	29,073	103,509	23,243	22,292	8,998	10,936	6,196	71,665	2,255	16,038	13,540	31,833	207,007	
Ap	1946	10,639	7,047	33,437	30,837	106,980	25,321	22,292	9,199	10,936	6,196	73,944	2,255	16,530	14,000	32,785	213,709	
Jl	1946	26,623	11,039	7,054	34,220	32,303	111,239	25,427	23,729	9,479	11,936	6,196	75,487	2,255	16,995	14,400	33,650	230,376
O	1946	26,623	11,346	7,769	35,984	34,650	116,392	25,427	23,729	9,479	11,936	6,196	76,337	2,255	17,417	14,820	34,492	227,221
Ja	1947	12,278	9,398	51,120	36,814	133,624	28,505	25,482	11,084	13,964	6,591	85,626	2,255	19,649	16,800	38,704	257,954	
Ap	1947	25,400	12,278	9,398	52,300	36,400	135,777	28,505	25,482	11,084	13,964	6,591	85,626	2,255	19,777	17,040	39,072	260,475
Jl	1947	25,510	12,700	9,405	46,100	36,200	129,915	28,505	25,482	11,084	13,964	6,591	85,626	2,255	19,422	16,905	38,282	253,823
O	1947	27,250	13,025	9,420	48,500	38,000	136,195	28,505	25,482	11,084	13,964	6,591	85,626	2,255	19,803	17,030	39,078	260,899
Ja	1948	13,400	10,400	50,450	39,600	141,300	31,800	26,600	11,470	14,180	8,180	92,240	2,255	20,958	17,973	41,196	274,726	
Ap	1948	28,950	14,040	10,900	50,500	47,510	151,900	31,800	26,600	11,470	14,180	8,180	92,240	2,255	21,597	18,750	42,602	286,742
Jl	1948	29,400	13,950	10,900	51,500	49,600	155,350	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,479	19,420	44,154	287,274
O	1948	30,500	14,400	11,250	51,000	52,700	159,850	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,870	19,750	44,875	302,495
Ja	1949	14,700	11,250	50,100	51,800	158,850	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,708	19,711	44,674	301,294	
F	1949	31,200	14,700	11,250	50,270	51,500	158,920	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,690	19,693	44,638	301,328
Mr	1949	31,200	14,700	11,250	50,440	51,400	158,960	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,672	19,674	44,601	301,361
AP	1949	31,200	14,700	11,250	49,000	51,300	158,050	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,654	18,655	44,584	300,384
My	1949	31,200	14,700	11,250	48,000	50,800	155,950	33,400	28,350	12,200	15,500	8,320	97,770	2,255	22,450	18,490	44,195	297,915

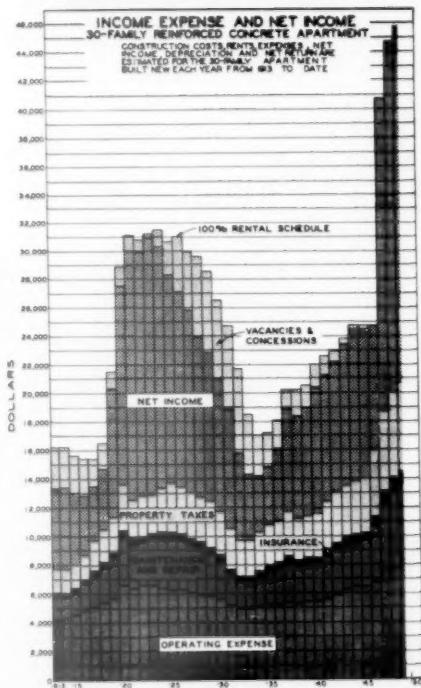
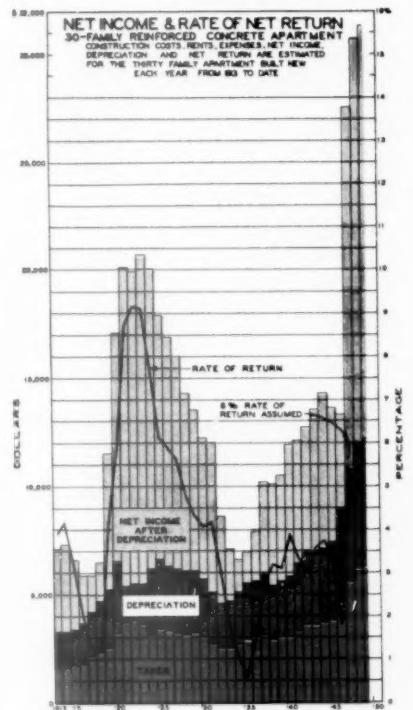
CONSTRUCTION COSTS OF A 30 UNIT REINFORCED CONCRETE APARTMENT

IN SAINT LOUIS

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COST OF LAND IS NOT INCLUDED
IN JOHN LOGO



EARNINGS ON 30-FAMILY APARTMENT



THE record of the construction costs of our 30-family apartment is shown on pages 254 through 257. The present cost of this building, \$297,915, is 120% above the 1939 cost. This is a drop of about \$5,000 (1.6%) from the peak of \$303,062 reached in late 1948. Buildings erected at these high costs are risky undertakings and are made all the more so by continued rent controls on older properties.

The chart at the top of this page was originally drawn to show the annual rate of return on the cost of a new building. In 1947, rent controls were removed from new rental properties and since then we have drawn the chart to show what rent schedule the building must carry in order to pay a 6% return after depreciation. At present costs, the annual rent schedule, with no vacancy, would have to be \$45,805. This means a monthly rent of \$112.50 for a 3-room unit; \$150 for 4 rooms; and \$187.50 for 5 rooms. Rents also include one garage space, heat, water, gas, electricity, janitor service, gas stove and refrigerator. If a vacancy allowance is made, the rent schedule would have to be even higher. Even if maintenance costs are excluded, the monthly rent schedule with no vacancies would be \$100 for a 3-room unit, \$132 for 4 rooms, and \$165 for 5 rooms. Obviously, this schedule is too low since all buildings must be maintained and since vacancies are already beginning to appear in apartments renting for \$100 per month and up. We have pointed out before the improbability of a loan on this type of building reaching maturity - particularly in view of the attrition the rent schedule will suffer through competition from more cheaply constructed buildings.

If we assume that the owner of this building will be satisfied with only 3% net return after depreciation, the monthly rent schedule, with no vacancy allowance, would still have to be \$87.50 for 3 rooms, \$117.50 for 4 rooms, and \$147 for 5 rooms. In view of the risk involved, it would seem all the more prodigal for an owner to be satisfied with a 3% net return.

This analysis is one reason we oppose 608's. A large loss to the taxpayers, who have insured these loans by enforced proxy, seems unavoidable.

REAL ESTATE ACTIVITY IN 49 CITIES

ANYONE remotely familiar with the real estate market is aware that it has not been at its best for some time, and those who have read our reports know that our index of national real estate activity has been dropping, with slight interruptions, since reaching its peak in May 1946. The following discussion and the table on the opposite page go into greater detail regarding those drops in real estate activity. The table lists 49 cities, the date at which real estate activity reached its peak in each city, the level of activity at its peak, the present level of activity, and the percentage activity has dropped since reaching the peak.

The cities not marked with a red asterisk are those which are charted in our reports on an index basis, while those marked with an asterisk (*) are charted on a basis of the number of voluntary transfers per 10,000 families. In both groups the basic data are the same - the unmarked group simply has the data refined one more step by putting it on an index basis. None of the cities can be compared with each other except in the magnitude of decline in activity. In other words, only the percentage drops shown in the table and bar chart are comparable on a city-by-city basis.

The biggest drops in real estate activity are not confined to any one part of the country. The eight cities which have shown a percentage decline of 50% or more are New York, 64.2%; Kansas City, Missouri, 59.5%; Portland, Oregon, 54.9%; Des Moines, 52.7%; Springfield, Ohio, 50.5%; Hartford, Connecticut, 50.4%; Los Angeles, 50.3%; and Denver, 50.1%. Two of these eight cities are on the East coast, two are on the West Coast and the other four are scattered through the West and Midwest. On the other hand, most of the cities showing the small percentage drops are located in the northeastern part of the country. The seven cities showing the smallest declines in real estate activity are Syracuse, 29.4%; Minneapolis, 30.9%; Worcester, 31.9%; Boston, 31.9%; Oklahoma City, 31.9%; Pittsburgh, 32.5%; and Gary, 32.5%. All of these except Oklahoma City and Minneapolis are east of the Mississippi and north of the Ohio.

The cities with the low declines all reached their peak in real estate activity between March and June 1946, and those with the largest declines reached their peak during the same period. The lower drops are, therefore, not a result of a shorter period of time between the peak level and the present level of activity.

Of the cities in the southern region (Georgia, Florida, Tennessee, Kentucky, Oklahoma and Texas) Houston and Atlanta have had the greatest decrease in activity, 49.8% and 43.3%, respectively, while Oklahoma City experienced the smallest drop, 31.9%. In the New England and Middle Atlantic States, New York City, with a decline of 64.2%, and Hartford, Connecticut, down 50.4%, have shown the greatest drop and Syracuse, down only 29.4%, had the smallest decrease. Most of the cities in Illinois, Ohio, Michigan, Indiana and Wisconsin have been rather consistent in the decline of their real estate activity. The six Ohio cities of Cincinnati, Columbus, Cleveland, Akron, Youngstown and Dayton have all been remarkably similar in the pattern and extent of their declines.

In the Missouri, Iowa and Minnesota region, Kansas City, Missouri, has had the greatest decline (59.5%) and Minneapolis (30.9%) the least. Of the West Coast cities, Portland, Oregon, with a decline of 54.9% has slumped more than any other city in the region, while San Francisco has slumped the least, only 34.2%.

CHANGES IN REAL ESTATE ACTIVITY

		Peak Date	Peak Activity	Present Activity	% Drop
New York, N. Y.		3/46	392.0	140.4	64.2
Kansas City, Mo.		6/46	257.5	104.4	59.5
Portland, Oreg.		4/46	312.5	141.0	54.9
Des Moines, Iowa		3/46	199.1	94.2	52.7
Springfield, Ohio		5/46	226.7	112.3	50.5
Hartford, Conn.		4/46	276.1	136.9	50.4
Los Angeles, Calif.		3/46	216.5	107.5	50.3
Denver, Colo.		3/46	303.9	151.5	50.1
Houston, Tex.		7/46	285.8	143.5	49.8
Evansville, Ind. *		5/46	215.5	111.9	48.1
Jersey City, N. J. *		5/46	149.0	78.9	47.0
Chicago, Ill.		3/46	195.5	106.9	45.3
San Diego, Calif. *		5/46	250.1	139.4	44.3
Westchester Co., N. Y.		5/46	248.2	140.5	43.4
Atlanta, Ga.		7/46	238.0	134.9	43.3
Salt Lake City, Utah *		5/46	176.4	101.9	42.2
Tulsa, Okla.		4/46	285.0	165.8	41.8
South Bend, Ind.		4/46	237.1	138.3	41.7
Buffalo, N. Y.		2/48	273.6	160.8	41.2
San Antonio, Tex.		6/46	258.4	153.7	40.5
Detroit, Mich.		4/46	179.2	107.3	40.1
Cincinnati, Ohio *		5/46	142.8	85.8	39.9
Columbus, Ohio		4/46	169.0	101.6	39.9
Cleveland, Ohio		3/46	223.1	134.4	39.8
Seattle, Wash.		1/47	241.9	146.0	39.6
Milwaukee, Wis.		4/46	280.0	169.4	39.5
Miami, Fla.		2/46	273.5	166.0	39.3
NATIONAL AVERAGE		5/46	229.0	139.2	39.2
Akron, Ohio *		5/46	335.5	204.8	39.0
Duluth, Minn.		5/46	329.8	201.7	38.8
Youngstown, Ohio *		5/46	153.3	93.9	38.7
Louisville, Ky. *		5/46	193.1	118.6	38.6
Philadelphia, Pa.		7/46	207.0	127.4	38.5
Brooklyn, N. Y.		8/46	182.5	113.0	38.4
Flint, Mich.		8/46	347.5	215.7	37.9
Dayton, Ohio *		9/46	222.4	141.1	36.6
Memphis, Tenn. *		3/46	144.2	92.7	35.7
St. Louis, Mo.		5/46	205.9	133.8	35.0
Indianapolis, Ind.		5/46	185.1	120.9	34.7
San Francisco, Calif.		5/46	190.0	125.1	34.2
Dallas, Tex.		8/46	224.7	149.5	33.5
Toledo, Ohio *		5/46	157.8	104.9	33.5
Washington, D. C.		5/46	135.2	90.7	32.9
Gary, Ind. *		6/46	198.7	134.1	32.5
Pittsburgh, Pa.		5/46	283.9	193.4	32.5
Oklahoma City, Okla.		5/46	230.0	155.3	31.9
Boston, Mass.		5/46	223.3	152.0	31.9
Worcester, Mass. *		5/46	169.5	115.5	31.9
Minneapolis, Minn.		3/46	206.7	142.7	30.9
Syracuse, N. Y.		4/46	250.0	176.5	29.4

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REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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